VAMC BROOKLYN AND RELATED ISSUES

HEARING

BEFORE THE

SUBCOMMITTEE ON
HOSPITALS AND HEALTH CARE

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

SEPTEMBER 27, 1995

Printed for the use of the Committee on Veterans' Affairs

Serial No. 104–10

U.S. GOVERNMENT PRINTING OFFICE

22–018 CC WASHINGTON : 1996

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-052252-8

COMMITTEE ON VETERANS' AFFAIRS

BOB STUMP, Arizona, *Chairman*

CHRISTOPHER H. SMITH, New Jersey
MICHAEL BILIRAKIS, Florida
FLOYD SPENCE, South Carolina
TIM HUTCHINSON, Arizona
TERRY EVERETT, Alabama
STEVE BUYER, Indiana
JACK QUINN, New York
SPENCER BACHUS, Alabama
CLIFF STEARNS, Florida
BOB NEY, Ohio
JON FOX, Pennsylvania
MIKE FLANAGAN, Illinois
BOB BARR, Georgia
JERRY WELLER, Illinios
J.D. HAYWORTH, Arkansas
WES COOLEY, Oregon
DAN SCHAEFER, Colorado

G.V. (SONNY) MONTGOMERY, Mississippi
LANE EVANS, Illinois
JOSEPH P. KENNEDY II, Massachusetts
CHET EDWARDS, Texas
MAXINE WATERS, California
BOB CLEMENT, Tennessee
BOB FILNER, California
FRANK TEJEDA, Texas
LUIS V. GUTIERREZ, Illinois
SCOTTY BAESLER, Kentucky
SANFORD BISHOP, Georgia
JAMES E. CLYBURN, South Carolina
CORRINE BROWN, Florida
MIKE DOYLE, Pennsylvania
FRANK MASCARA, Pennsylvania

CARL D. COMMENATOR, *Chief Counsel and Staff Director*

SUBCOMMITTEE ON HOSPITALS AND HEALTH CARE

TIM HUTCHINSON, Arkansas, *Chairman*

BOB STUMP, Arizona
CHRISTOPHER H. SMITH, New Jersey
MICHAEL BILIRAKIS, Florida
FLOYD SPENCE, South Carolina
JACK QUINN, New York
SPENCER BACHUS, Alabama
CLIFF STEARNS, Florida
BOB NEY, Ohio
JON FOX, Pennsylvania
MIKE FLANAGAN, Illinois

CHET EDWARDS, Texas
JOSEPH P. KENNEDY II, Massachusetts
BOB CLEMENT, Tennessee
FRANK TEJEDA, Texas
LUIS V. GUTIERREZ, Illinois
SCOTTY BAESLER, Kentucky
SANFORD BISHOP, Georgia
CORRINE BROWN, Florida
MIKE DOYLE, Pennsylvania

CONTENTS

VAMC BROOKLYN AND RELATED ISSUES

WEDNESDAY, SEPTEMBER 27, 1995

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOSPITALS AND HEALTH CARE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to call, at 10 a.m., in room 334, Cannon House Office Building, Hon. Y. Tim Hutchinson (chairman of the subcommittee) presiding.

Present: Representatives Hutchinson, Smith, Quinn, and Edwards.

Also Present: Representative Molinari.

OPENING STATEMENT OF CHAIRMAN HUTCHINSON

Mr. HUTCHINSON. The subcommittee will now come to order.

The subcommittee meets today as a part of its oversight responsibility to review and discuss the recent events at the Brooklyn Department of Veterans Affairs Medical Center and to exercise the subcommittee's jurisdiction over the health and safety concerns of employees and veteran patients within the VA system.

The impetus for this oversight hearing was the September 13 arrest of 20 individuals, including 12 VA employees and a VA police sergeant on the selling of illegal drugs, loan-sharking and bribery at the medical center. With the VA facing a chorus of criticism from many quarters these days, the revelation of these illegal activities at the Brooklyn facility tends to further erode public confidence in the VA hospital system. While the reaction of some to the VA is to play down the problems, even ignore them for fear that public attention will hurt the VA, it is my conviction that Congress and the public have a right to know what the problems are and how widespread they are.

Since the September 13 arrests, other allegations have surfaced that fall within this subcommittee's jurisdiction, and we certainly feel a great responsibility to investigate those allegations as well.

In addition to the members of the subcommittee, we expect to be joined later also by Congresswoman Susan Molinari, who represents the Brooklyn VA Medical Center.

The chair would now recognize the Ranking Minority Member, Mr. Edwards of Texas, for any opening remarks that he would like to make.

OPENING STATEMENT OF HON. CHET EDWARDS

Mr. EDWARDS. Thank you, Mr. Chairman, and I have a printed statement if I could have your permission to put that into the record.

Mr. HUTCHINSON. Without objection, so ordered.

Mr. EDWARDS. And I will just briefly say, I appreciate your holding this hearing. I think we will all agree that this is not an incrimination of the VA medical system. In fact, the fact that it is news when something this egregious happens at a center is an indication that in the vast majority of cases, the people working in the VA medical care system are honest and decent and dedicated; and I certainly hope we can keep that focus during this discussion.

At the same time, I think to protect the integrity of the system and all those who work within it and those who are served by it, it is important that we find out the problems where they exist and look at them factually and find out if there is any systemic reason why these problems have occurred.

So I appreciate your holding this hearing, Mr. Chairman, and look forward to hearing from the witnesses.

Mr. HUTCHINSON. Thanks, Chet.

[The prepared statement of Congressman Edwards appears on p. 31.]

Mr. HUTCHINSON. Mr. Quinn, do you have an opening statement?

OPENING STATEMENT OF HON. JACK QUINN

Mr. QUINN. Yes, I have an opening statement that I would ask to submit for the record, with your permission——

Mr. HUTCHINSON. Without objection, so ordered.

Mr. QUINN (continuing). And state for the record that I appreciate this panel and others who we will be hearing from today.

I represent Buffalo, NY. While we are the other end, probably, of New York State, we can appreciate this kind of situation. We recently had a situation in Buffalo that resulted in the unfortunate death of a client in the hospital and needed to involve local authorities, including the FBI and others; and I think, as both the Chairman and Ranking Member have said this morning, we are not here to point the finger at anybody.

But certainly, Mr. Chairman, as you say, the first reaction of some is to downplay all these kind of incidents when, in fact, the public wants to be assured that everything was done that could possibly be done; and secondly, in an unfortunate situation such as this, I think we can all learn how, with some changes and adjustments, maybe we can make the system a little bit better. So my intent is exactly that this morning.

Unfortunately, I will have to leave and intend to be back—have to leave for about 20 minutes or so, but intend to be back and thank you for calling the hearing.

[The prepared statement of Congressman Quinn appears on p. 33.]

Mr. HUTCHINSON. Thank you, Jack.

The first panel is composed of James Farsetta, Medical Center Director, Brooklyn, NY; John Baffa, Deputy Assistant Secretary for Security and Law Enforcement; and Dr. Richard Suchinsky, Associate Director for Addictive Disorders and Psychiatric Rehabilitation.

We appreciate each of you coming, and in consideration of time constraints, I would ask panel members to summarize their remarks within the 5-minute rule and then your their statement will be entered into the record.

STATEMENTS OF JAMES J. FARSETTA, FACHE, MEDICAL CENTER DIRECTOR, VAMC BROOKLYN, NY; JOHN H. BAFFA, DEPUTY ASSISTANT SECRETARY, SECURITY AND LAW ENFORCEMENT, DEPARTMENT OF VETERANS AFFAIRS, ACCOMPANIED BY DR. RICHARD SUCHINSKY, ASSOCIATE DIRECTOR, ADDICTIVE DISORDERS AND PSYCHIATRIC REHABILITATION

STATEMENT OF JAMES J. FARSETTA, FACHE

Mr. FARSETTA. Thank you for the invitation to be here and to speak with you.

My document essentially says that probably about 18 months ago, a problem was identified at my facility. I couldn't put a date and time on it.

I think it is simply a microcosm of what goes on in society in general. I think if anyone were honest with themselves and if they were asked if they had a problem in an organization that has in excess of 2,500 people, the answer to that would probably be yes.

My efforts to resolve that problem, unfortunately, were not always satisfactory. I had gone to law enforcement in the past, and this is not to point the finger at any law enforcement agency, but I think in looking at priorities, scope of issues, that by and large law enforcement is committed to other items.

It was at that juncture that the directors of the three hospitals in the New York metropolitan area got together and began to forge a proposal with the Inspector General with the purposes of establishing a task force, an undercover task force specifically to deal with issues of potential illegal or criminal activity going on in the VA hospitals in the New York metropolitan area.

I worked very closely with Steve Trodden and with Bruce Ackman, who is the agent in charge of the New York office. They identified what would be necessary to establish this office; we provided the resources. When I say "we," I am talking about myself and the directors of the other two VA facilities. We provided the resources necessary to fund, equip and train this unit, and the results of their effort, at least at Brooklyn, were announced on the 13th of September when a number of individuals from the medical center, both patients and employees, were arrested for a variety of charges, as you have outlined.

It is my anticipation that this group will continue to stay in existence and that they will continue to root out illegal activity at my hospital, as well as the two other VA hospitals in the New York metropolitan area.

[The prepared statement of Mr. Farsetta appears on p. 38.]

Mr. HUTCHINSON. Mr. Baffa, you are recognized

STATEMENT OF JOHN H. BAFFA

Mr. BAFFA. Yes, sir, thank you, Mr. Chairman. I would just like to take a few minutes to overview some remarks in my opening

statement and to assure all the committee members that our overall philosophy in the police program is to prevent crime from occurring by having a highly visible police presence through vigorous patrol activities. We also use technical means such as security cameras to monitor areas, et cetera.

I concur with the gentleman from Buffalo's statement that we want to make sure it doesn't happen again, so we take an offensive posture. We just recently introduced a canine program with its emphasis on illegal drug interdiction, and I think in any community, not just a VA hospital community, the ultimate goal, which is my goal, is to prevent crime from happening.

When crime happens at a VA hospital, we have to remember it is a Federal installation and it usually requires Federal law enforcement agencies to investigate the crime. It may necessitate that the local VA police will do the investigation. It may necessitate calling in the local Federal agencies, such as the FBI or the Secret Service. My office may do the investigation or, further, it could be a joint investigation of my office or members of the Inspector General staff.

In the case of the Brooklyn VAMC, where you have a long, long, protracted investigation, and an undercover operation was required, a special joint task force was employed. We use every legal way available to us, not only to investigate the crime, but to prevent the crimes from happening; and we will continue to do so now and in the future.

Thank you, sir.

Mr. HUTCHINSON. Thank you.

[The prepared statement of Mr. Baffa appears on p. 41.]

Mr. HUTCHINSON. Dr. Suchinsky, do you have a statement, or were you here as a resource?

Dr. Suchinsky. I am primarily here as a resource.

Mr. HUTCHINSON. All right. Thank you very much, and we appreciate your testimony, appreciate your willingness to be here, and I think you are to be commended for apparently dealing with this thing forthrightly and very expeditiously.

And I know that you faced—Mr. Farsetta, you have faced some criticism. How long did you suspect that the problem existed at the medical center?

Mr. FARSETTA. Again, it is difficult for me to put a date on it, but I would say that the informal organization, probably about maybe 18 or 19 months ago, became more vocal about some activities that were going on at the medical center. I can't say that it happened that day, but I would say that on or about that time, probably January of 1994, around that time.

Mr. HUTCHINSON. When did you report your suspicions to the Secretary's office and how long did it take him to act upon——

Mr. FARSETTA. It is really not a matter of reporting my suspicion to the Secretary's office because that really is not the way it works. The way it works is that when you identify a problem, what I did is I went to local law enforcement people on or about that time. The response I got from them was a fairly typical response. It wasn't a response of, we can't help you. It was a response of, how big do you think the problem is and how many people do you sus-

pect are involved; and there was no way for me to respond to that question.

It was on or about that time when it became obvious to me, again in concert with the other directors in New York, that we really needed to look at a different venue to address this problem, because it wasn't a problem only unique to New York, to Brooklyn.

And I would say it was in March of 1994 that we proposed officially to the Office of Inspector General the establishment of this special task force.

Mr. HUTCHINSON. I gather from what you are saying that you believe that these kinds of activities, illegal activities, are not limited to Brooklyn and that they are more widespread, may involve other New York facilities, such as Bronx and Manhattan; is that correct?

Mr. FARSETTA. That is correct.

Mr. HUTCHINSON. Can you tell me what the basis of that suspicion is?

Mr. FARSETTA. I think it is the basis of not only suspicion, it is the basis of what goes on in society in general. I think it is naive to believe that problems of an illegal nature don't go on in the world that we live in or the city that I live in. That it was the opinion of the three directors of the New York hospitals at that time that there were things going on—I can't speak for them; perhaps Steve can divulge the results of some of his work at the other hospitals.

But it is simply an issue of, in an organization where you have people in all probability selling drugs, you have people doing loansharking or whatever it is that people do, and there is an informal network—those of us that have been there for any period of time have good rapport with our employees—there is an informal network where people come forward and say, Mr. Farsetta, I think that there are some bad things going on here or some bad things going on there.

I can't put a time on it and I can't tell you specifically what information the directors of the other two facilities got that would warrant them to do what I thought should be done.

Mr. HUTCHINSON. You have stated that you supported the investigation through your own hospital's budget and in a combined cost to the New York medical centers of $350,000. Were there at any point funds or resources thatwere made available by the central office?

Mr. FARSETTA. No.

Mr. HUTCHINSON. It was entirely funded in——

Mr. FARSETTA. That's correct. That's correct.

Mr. HUTCHINSON (continuing). Through your own? And your suspicions about these activities going on elsewhere, then, are more generalized in that you suspect that in any large operation such as the VA medical centers, that those kinds of things happen, as apart from——

Mr. FARSETTA. I would say that in any large organization—I mean, we are simply a microcosm of the society that we live in. I view my hospital as being a city. I have got 2,600 employees, and it is a city. I have got people coming from all areas of the city; and in any arena, I think you have some bad actors and you have a bad element.

Mr. HUTCHINSON. You don't think this is unique then to the VA, or that there is a particular problem in the VA; that this would be something in any large city hospital or——

Mr. FARSETTA. Absolutely not. It could be in a small city hospital. It could be in a small hospital. I just think it is a problem. We see it prevalent in our high schools. I mean, it is not an issue that is unique to the VA or unique to New York City.

Mr. HUTCHINSON. So you don't think that there are any systemic problems or anything that makes the VA particularly vulnerable that we might address?

Mr. FARSETTA. Absolutely not. I think that it is incumbent upon all of us, or any of us, that if we suspect an issue, that we do something about it. And my response to a strong suspicion of illegal activity was to literally leave no stone unturned and see if we couldn't put a group together to investigate it with the full force of law enforcement in the most professional manner that we could do it in.

Mr. HUTCHINSON. I don't want to dominate, and we have got other Members who want to ask questions, but we were provided a copy of a news article that appeared in the Staten Island Advance yesterday, regarding new allegations concerning your facility and the VA police, a former VA police officer who said that really what happened on the 13th was just the tip of the iceberg. And in particular, if I can kind of paraphrase what his allegations were, that VA police were expected to participate in coercing patients to receive injections and that this was done, that physician coercion was used, that in the course of time he began thinking about what he was being required to do, the more he thought it was wrong, and that apparently those allegations were supported by a number of others, some of whom made those allegations anonymously and others were willing to put their name behind them.

I think, Mr. Farsetta, I would like you to respond to that; and also Mr. Baffa, please.

Mr. FARSETTA. It is—my response to that is, I know that at least some of the individuals who are alleging—making these allegations. I will state categorically, unequivocally, without any hesitation, that there is no veteran at that institution who is being forced to take medication and that police are used to hold for the purposes of administering medication.

As that article would indicate, there is only one scenario that police are used to intervene in situations, and it is in a crisis intervention team, and that is where it has been decided by a team of people—psychiatrists, psychiatric nurse, social worker, psychologist—and police is a member of that team. An individual who is either being a danger to himself or others is physically restrained and then moved to a seclusion area.

I think that the individual making the allegations, I think these are baseless allegations. Mr. Baffa, a number of years ago, interviewed this individual. I will let you know the results of his interview and his investigations of many of these same charges.

Mr. HUTCHINSON. Mr. Baffa.

Mr. BAFFA. Yes, sir. I briefly just had the opportunity to see that article, and if the allegations are the same allegations that were made a couple of years ago, those allegations, and I believe, sir,

they are the same ones, a 40-page document, I had investigators from my office review it and it was not substantiated.

If I am correct, in the same statement, it was also turned over to the U.S. Attorney's Office and the FBI, who also looked into it and found that none of the allegations were true.

I would like to emphasize one thing, that the role of a VA police officer is a unique role, and our philosophy is to deescalate situations and not escalate them. Some of the training—a good portion of the training they receive has to do with being part of the health care team, and it is just a matter of fact every day we have VA police officers who assist the health care team in numerous ways, whether it is an unruly patient arriving in the emergency room, whether it is to diffuse an altercation amongst patients in a psychiatric area, and the list could go on and on.

But everything they do, they are trained to do. It is part of their training and part of the management perspective at each hospital to ensure that they are involved, only when necessary and other means fail.

Mr. HUTCHINSON. Do all VA police go through the Little Rock training facility?

Mr. BAFFA. Yes, sir, they do.

Mr. HUTCHINSON. Without exception? So the fellow who is quoted—Mr. Perini, who said that he was in VA law enforcement and had never been sent to the VA Law Enforcement Training Center in north Little Rock, is not telling the truth?

Mr. BAFFA. If in fact this individual is the same individual that I think it is, I don't believe he was employed by the VA police for more than 3 or 4 months; and it is our philosophy and theory that a new VA police officer will go through training, unless there are some extenuating circumstances—illness in his family or a major investigation going on—within the first 90 to 120 days of employment. I do not know of any individual, other than—again, for physical—for some unusual reason, which is a personal reason, that has not attended our training within that time period.

So to answer your question, all VA police officers are required to go to the Little Rock training center, yes, sir.

(Subsequently, Mr. Baffa provided the following information:)

My response was accurate for 1995. However, in 1991, when Mr. Perini was employed, the average waiting time for a new police cadet to attend basic training school was 160 days. This was due to lack of space and high turnover of police personnel. It does not change the fact that all VA police officers must attend our training school.

Mr. HUTCHINSON. Let me yield to Mr. Edwards.

Mr. EDWARDS. Thank you, Mr. Chairman.

Mr. Farsetta, let me ask you, in a release of September 13 by the Justice Department, they say that four hospital employees have been charged with selling heroin or cocaine and these are mail room clerk, a laborer, and two housekeeping aides. Could you tell me why the inventory system and check and control system for inventory of drugs at a VA medical center would not be tighter to prevent these kinds of employees from selling large quantities of drugs?

Mr. FARSETTA. These employees were not selling hospital drugs. There wasn't a single evidence of diversion of hospital drugs. They were selling illegal substances, cocaine and heroin and marijuana.

Mr. EDWARDS. So were all drugs brought in from outside; they were not drugs taken from the VA medical center.

Mr. FARSETTA. Absolutely.

Mr. EDWARDS. Could you then—it would be helpful to me if you could briefly summarize the facts of the case. What was actually going on?

Mr. FARSETTA. Well, what was going on is that we had two undercover agents at the hospital. We had one that was working on the employee end, looking at illegal activities going on with employees, and then we had another individual who essentially concentrated on activities involving patients; and they essentially worked the institution to see if they could find out who was doing illegal things.

And we didn't limit the investigation to drugs initially; it was really wide open to anything that may be going on. And what the agents were able to uncover essentially was the diversion of methadone and the sale of illegal substances, essentially cocaine and heroin; those were the major items that were sold.

And we had two individuals who were loan-sharking, and they were both employees who were lending money at a high interest rate to other employees and intimidating those employees and, in some instances, at least on tape, beating up employees or threatening to beat up employees or bragging about beating up employees who didn't make payment.

Mr. EDWARDS. So the method on the large quantities of methadone that were sold at the cafeteria at the hospital did not come from within the VA system?

Mr. FARSETTA. They did come from the VA. These were patients that were on a two-day supply of methadone. They were on a three-day program, and they took their second day supply and sold it to other patients or the undercover agent.

Mr. EDWARDS. So some of the drugs did come from within the VA system, but the fact is, none were stolen from within the system.

Mr. FARSETTA. That is correct.

Mr. EDWARDS. So in your opinion, there is no systematic problem with our inventory control system for drugs within the system itself?

Mr. FARSETTA. I would say none that we could identify.

Mr. EDWARDS. Great. Thank you.

Mr. Baffa, could you tell me what the range of the pay scale difference is between what we pay our VA security officers and what they could receive, say, in Brooklyn or in other cities, if you have those numbers? What is the difference there, and is that impacting the kind of people we can either attract to or keep within the VA system?

Mr. BAFFA. Sir, I have some figures, but I don't think they——

Mr. EDWARDS. If you can generalize, it would be fine.

Mr. BAFFA. Before I give you the figures, though, I think you have to look at what part of the country you are in. You have some places like New York where—or Chicago—let me use Chicago as an example—that a starting salary for a VA police officer is $20,000.

For the Cook County Sheriff it would be$33,000 and in the local community it would be $28,000. So there is adisparity in the large metropolitan areas. I think when you get out into some of the more rural areas, the pay scale is compatible and there is not that much of a differentiation.

As far as the impact on our hiring, I think—when I first came to the VA in 1989, the turnover or attrition rate was in the high 18 percent category. I think now, or the last one that I saw, which would have been 1994, the turnover rate was about 10 percent or a little bit less.

I attribute that, I think, basically to the fact that the VA police program is becoming better known across the country. We have developed better training. We have given an opportunity for police officers to move up the ranks as it were.

Yes, of course, salary I am sure would have some impact, but I don't know if that would be the only reason. The economy—quite frankly, sir, the economy has changed over the last 4 or 5 years also.

Mr. EDWARDS. Thank you very much.

Mr. HUTCHINSON. We are delighted to have Ms. Molinari joining us on the panel today.

And, Susan, you are recognized.

OPENING STATEMENT OF OF HON. SUSAN MOLINARI, A REPRESENTATIVE IN CONGRESS FROM STATE OF NEW YORK

Ms. Molinari. Thank you very much, Mr. Chairman, and thank you so much for convening this hearing. I truly appreciate it, and it was interesting for those of us from New York to just hear the way you pronounced the Staten Island Advance. I don't think it has ever had that kind of reception today.

Mr. EDWARDS. Wait until you get a Georgia Member.

Ms. Molinari. I have an opening statement, and I would like to ask unanimous consent that it be submitted for the record, please.

Mr. HUTCHINSON. Without objection, so ordered.

Ms. Molinari. Thank you, Mr. Chairman.

Mr. Farsetta, welcome. It is nice to see you here. I missed the beginning of your statement, but I am unfortunately all too familiar with the situation that did transpire at the Brooklyn VA, and I thank you for your immediate recognition of a problem and moving to deal with it.

You alluded, as I was coming into the door, as to the funding for the special investigative unit that was put together. Could you please just repeat that for my benefit? Who actually paid for this special task force?

Mr. FARSETTA. The funding for the task force was shared between the three VA hospitals in the New York metropolitan area. We put up the dollars for the FTE. We put up the dollars for training. We put up the dollars for the equipment, including the surveillance equipment, and we put up dollars for whatever miscellaneous funds needed to be used for the purposes of buying illegal substances and anything else that was involved in this operation.

Ms. Molinari. But the task force itself was run from Virginia?

Mr. FARSETTA. The task force itself was actually run—the task force was actually run out of New York. It was run out of the New

York Office of the Inspector General, Bruce Ackman was the agent in charge. These individuals essentially worked for him. We had to figure out some creative way of having them paid, so they wouldn't be paid out of any of the hospitals, so nobody would know what they were doing. This was a very secretive operation for obvious reasons.

Ms. Molinari. So the three directors got together—you approached the Inspector General——

Mr. FARSETTA. Right.

Ms. Molinari (continuing). Came forth with your problem?

You put together this task force?

Mr. FARSETTA. Right.

Ms. Molinari. But ultimately the funding came from your various VA centers?

Mr. FARSETTA. It did.

Ms. Molinari. I guess, Mr. Baffa, my question to you is, as we are moving through this downsizing, as changes are taking place, as budgets—if Mr. Farsetta and the other directors of the VA hospitals didn't have that kind of ability to find that money in their budget, what would the next form of recourse be?

Mr. BAFFA. Well, I think you have to look at this as a "unique case"—not that it won't ever happen again, but there were a different set of circumstances.

I might like to add that there were two VA police officers who were involved in this SRITF task force, and they do work for the hospitals and are paid out of medical care money.

As articulated before, there are various ways to address a problem. This problem was not one, despite some of the things that you have read or heard, that was going on in front of everybody that could see it. You have to understand, the police officers at the Brooklyn facility or Manhattan or any of those facilities are seen every day in their patrol activities, so obviously you can't have them work undercover because no one is going to buy—it is just not going to work. In this particular instance, we used that type of program.

It could also happen, as has happened in the past, that my investigators or inspectors from Mr. Trodden's office and my office have worked jointly on cases across the country. And it may also occur that my office will do the investigation.

You know, there is a fine line. When you spot a crime, as Mr. Farsetta did, you don't know the depth or the magnitude on it, so as you get into the investigation, things may change; and I think that is not peculiar to the VA.

Ms. Molinari. No, no. And I am certainly not suggesting that. We are grateful that Mr. Farsetta wanted to be one of those directors to be proactive in finding trouble at his hospital. But if, in fact, the VA hospitals are microcosms of the world, I am sure there are other directors out there who find it more convenient, who don't want to testify before our congressional panel or take some bad raps in the newspapers, and so therefore look the other way; compounded by the fact that they may not have the budget necessary in order to do thorough investigation.

I am just wondering if there is somewhere within the VA system an emergency set of money so that a director who may not want

to jeopardize or compromise the funding of the operations of his hospital would not use that as an excuse to proceed.

Mr. BAFFA. Yes, ma'am, there is—and I am certainly not going to speak for Mr. Trodden; he will come up later—but each year in his budget he receives money for investigations. In my budget, which comes from GOE, I receive money for investigations, and like any other agency, you hope that the money doesn't run out before the crime does.

The big issue or the big thing about Brooklyn was that it was a long, long investigation that was necessary, and it was everyone's conclusion in this particular case that the IG's office should run it because they have a base in New York and they can control it better than we can. But we have done other investigations for directors.

Ms. Molinari. Thank you.

I had one more question, Mr. Farsetta—and I can ask the rest of the next panel—but Mr. Farsetta, as you know, the Staten Island Advance had run some stories as a precursor to the investigation, and one of the other things they alleged, that I would like you to allege now, had to do with some theft of property at St. Albans. Is there an ongoing investigation there or has that been addressed?

Mr. FARSETTA. I will respond in two ways. There were some allegations about some theft of property. We conducted our own internal investigation and we could not warrant theft of property. We did identify some inappropriate behavior on the part of a couple of individuals. They have been disciplined.

Subsequently—and this is only based upon a conversation that I had with the FBI—the FBI in point of fact had—either is or has conducted an investigation on the allegations that were made. I am not at—I don't know what the results of that investigation were. My impression was they couldn't validate—again, they were not able to validate the allegations.

Ms. Molinari. Thank you.

And Mr. Chairman, if you will indulge me for one minute, I do want to thank the panel. This VA hospital, in particular, is in my district. It serves a lot of constituents that are near and dear to me and, of course, any veteran that requires special attention. And I do want to thank the panel for going the extra distance, when they did find a problem to go through what they needed to—in particular, Director Farsetta—to make sure that this situation was dealt with as swiftly as possible and the safety of the people who use the VA hospital would not be compromised.

So I do want to thank them for that.

Thank you, Mr. Chairman.

Mr. HUTCHINSON. Thank you, Susan.

[The prepared statement of Congresswoman Molinari appears on p. 36.]

Mr. HUTCHINSON. Mr. Baffa or Dr. Suchinsky, anyone who can help me on this, is there any way through the methadone program auditing process that you could determine how much methadone was normally being sold on the streets and what the street value of it was?

Mr. BAFFA. You mean in this particular case?

Mr. HUTCHINSON. And what was going on at the Brooklyn facility.

Mr. BAFFA. I will talk with the IG and we will get an answer to you. I am not sure how many doses were actually sold.

I don't have an answer now.

Mr. HUTCHINSON. Okay.

Dr. Suchinsky. I think it is extremely difficult to determine how much was diverted because this went on for some significant period of time, and whether all of it was uncovered during the course of the investigation, or not, is very difficult to say.

Mr. HUTCHINSON. All right. Well, is there a means by which that kind of diversion can be prevented, that we can tighten up the procedures so that we don't have the diversion of the methadone in other treatment centers?

Dr. Suchinsky. There are a couple of things that are happening right now within the methadone field and within the system. The controls on the distribution of methadone, I think, are quite good because we know what goes out to the patients and we know what is dispensed to each of the patients.

The problem that arises with a number of patients has to do with take-home doses where a patient is given several doses of methadone to tide him over several days. This usually occurs with patients who have been in the program for a significant period of time and are deemed able to handle this kind of take-home regimen.

Well, the patients who are in our program, as you are well aware, are all heroin addicts and are people who have developed significant skills in manipulating the system, so that when we hear that on occasion a patient will appear to be stable but nevertheless be manipulating the system, it doesn't come as too big of a surprise.

An awful lot depends on the rigor with which the individual counselor, therapist, is dealing with the patient, how adequately they are assessing the urine tests which all patients in the programs are obliged to have, and what is happening in the actual counseling sessions. My sense is that we—here we are dealing with a relatively small number of patients who are in a very large methadone program. I think it is under 5 percent of the patients were found to be involved with this particular problem at Brooklyn.

The issue, I think, that has to be addressed within the medical center is how adequately the individual treatment people were following these patients and how rigorous their evaluations of the patients were; and I think Mr. Farsetta is—we have talked about this informally, and he is on top of it.

Mr. HUTCHINSON. Mr. Baffa, it is my understanding that there is a proposal pending to allow the VA police to carry guns. Was Brooklyn one of the suggested pilot sites and was there any possibility of Sergeant Shields, who was implicated and arrested, being eligible to carry a loaded weapon under the proposal in the pilot program?

Mr. BAFFA. There is a pilot program in the works, that is correct, sir, to arm police officers at four or five facilities nationwide. The program is in its infancy stage. Brooklyn was not one of the sites that was involved in the list. I don't believe Mr. Farsetta wanted

to participate in the program; and we allow the directors to have input because, remember, it is a pilot program.

I doubt very much whether Sergeant Shields would have been able to carry a firearm, because one of the things that is important and what we have done is that each individual who participates in the pilot will go through a psychological assessment, will go through a physical; we will do record checks and look into their personal lives in a nonobtrusive way, normal background-type of investigation, to ensure that the police officer is qualified, both mentally, physically and morally to carry that weapon.

Mr. HUTCHINSON. Research by committee staff shows that only one private DC hospital employs armed police and that is the Washington Hospital Center. Mount Sinai and Cornell Medical Center in New York City do not have armed police on the hospital grounds.

Even in the pilot program, what is the rationale for arming the VA police?

Mr. BAFFA. I think if you look back in the history over the last 6 or 7 years—we have had three VA police officers killed in the line of duty—I think some of the neighborhoods where the VA hospitals are located are not the most desirable neighborhoods. You have to remember that the VA police officer is the front line and, in many instances, the only line that can defend either the patient and/or the employee because we are a Federal reservation.

I didn't hear all the ones that you had mentioned, sir, as far as the hospitals, but I believe they are either private or a city hospital, and quite frankly, I think our patient base is a little bit different from those facilities and in fact that I am not sure they have the methadone clinics. They do not have the various other types of activities associated with—which a VA hospital deals with on a daily basis.

Mr. HUTCHINSON. The VA security is a big part of the therapeutic practice and crisis intervention?

Mr. BAFFA. That is correct, yes, sir.

Mr. HUTCHINSON. Can you kind of—I don't know whether Mr. Farsetta or Mr. Baffa can describe for me what role they might play in a—you have unequivocally denied that there are ever forced injections against a patient's will and that security is used in that way.

Describe for me how they are appropriately used.

Mr. BAFFA. Sir—and before I do that, I would like to go back to that last question too.

The one thing everyone should understand is that in this pilot program, the VA police officer will not—I repeat, will not—carry his weapon inside the hospital. The weapon will be used—carried on outside patrols, areas where we have magnetometers, which are metal detectors, coming in, and crisis areas, but they will not be carried inside the hospital complex.

With regard to your second question, a VA police officer—the way you phrased the question, I am not so sure on a daily basis at the hospitals that there aren't patients who receive injections that don't want them. I would have to go with somebody from the medical establishment to answer that.

Mr. FARSETTA. Right.

Mr. BAFFA. But the VA police officer only gets involved when all other methods fail. He is not—he is not the decision-maker. He comes in, and if there is an attending physician or medical specialist there, he will stand by in the wings. If it becomes—the patient becomes uncontrollable, and there is a threat of physical harm to either the patient and/or the attending medical people, then the police officer is called in to subdue, to help subdue, whether it is to put the patient in restraints, or he may have to be medicated.

But that is not a decision that the VA police officer makes, sir. It is a medical decision.

Mr. HUTCHINSON. Let me return to the September 13 arrests and the investigation and everything that culminated from it.

And I don't want to put words in your mouth, Mr. Farsetta, but, Mr. Baffa, it seemed to me that in response to the opening questions that Mr. Farsetta's feeling was that this is not unusual, that it happens not only in VA hospitals, but these kind of activities are going on as a reflection of the kind of problems we have in our society.

I am curious as to your analysis. Do you think this is just—this is normal? And what actions can you take or have you taken to ensure that we don't see repeats of this in the VA system?

Mr. BAFFA. Yes, sir. To answer your question, whether it is normal, you know, in society today, sir, I don't know what is normal anymore. I don't think that you have the magnitude of involvement at our other facilities that you might have had at Brooklyn, not to say that—that Brooklyn stands in a league of its own. I think that we found out about it, we investigated it, and this is what we turned up.

Do I think there are drugs other places? I am sure drugs come on the grounds. You have to remember, sir, that a lot of the people that come in for treatments are coming in because they have a drug problem; and it is not unusual for the police officer, when a patient is admitted, to find drugs on the individual, illegal drugs, as he is coming into the hospital. I mean, it happens.

And then when you take that particular case, if you want to call it "case," to the U.S. Attorney's Office, then the U.S. attorney will sit there and say, well, is it not a fact that patient is coming in because he has a drug problem; and the answer is, yes, he is, and he is here for therapy. So therefore, they will be inclined not to prosecute.

I think if you are asking me for a list of most crimes, what kind of crimes are committed on a VA property, would I put drugs at the top? No, I would not. I think primarily we have disturbances; we have minor thefts from patients which is under $50. Then we have thefts over $50 of government property. Iwould say, third would be the introduction and possession of contraband, which is either alcohol or illegal firearms veterans try to bring in.

We have assaults, and then we have beneficiary frauds. So I would say that, chronologically, this is the crime pattern at a VA hospital.

Mr. HUTCHINSON. So all of those are more frequent than drug peddling?

Mr. BAFFA. Yes, I would say so, yes, sir.

Mr. HUTCHINSON. So drug peddling and loan-sharking, such as we saw at Brooklyn, is not what you would typically expect in a VA hospital around this country?

Mr. BAFFA. No, sir, I would not. I am not saying it doesn't occur, but I am saying that it is not prevalent. I believe the question you asked me, is it prevalent, and I don't believe it is.

But the lesson learned here is that maybe it is, and we are going to continue looking into it to see if it is.

I believe prevention is the best remedy here. To prevent the drugs from coming on, illegal drugs from coming on, we have developed, as I had mentioned to you before, the canine program; and with the canine program, canines are trained in the interdiction of illegal drugs coming onto a facility. So hopefully that will be a tool for keeping the drugs out.

We developed a new reporting system so that all crimes committed on a VA property will come in on a central computer into my office and we can pull up and look at pattern of crimes. A lot of crimes that occur on a VA property are not caused by VA employees and/or VA patients. It just happens that we happen to be at the wrong place when people are coming across our grounds.

Mr. HUTCHINSON. My understanding about Brooklyn was that there were not only drugs being peddled to patients, but there was a employee ring in which employees were selling to other employees; is that correct?

Mr. FARSETTA. That is correct.

Mr. BAFFA. That is correct, illegal drugs that they had gotten off the grounds and brought on the grounds and sold to employees. That is correct.

Mr. HUTCHINSON. Mr. Edwards.

Mr. EDWARDS. Mr. Farsetta, in your testimony, you said that over the course of many years, "trusted employees came to me with suspicions of illegal activities occurring at the medical center." I don't know how many years "many years" is, but you said in each instance you contacted the FBI and the DEA.

Is there a clear understanding among VA medical center directors in the country today that if you have this kind of suspected problem, you go to the Inspector General's office or you go to some other office within the VA system, or do we have VA medical directors going to the FBI and DEA and being put off at other centers around the country.

Mr. FARSETTA. I will be honest with you, I am not sure that if you went to the IG, depending upon—and Steve would have to respond to this—if the IG could necessarily offer you the assistance that would be needed. I mean, I think that law enforcement is probably stretched pretty thin. And what we did in New York is, recognizing some of the financial constraints that the IG has, we indicated to the IG that we would finance this. So I am not sure—I can't speak for other medical center directors and I think it really depends upon their locality. I think this is simply an option that may be available to them if they would like to explore it and use it, depending upon how severe they think the problem is at their facility.

Mr. EDWARDS. When you talk about the course over "many years" you turned in these suspected problems to DEA and the

FBI, during those years, you did not feel there would be any redress of the problem by approaching the VA IG's office?

Mr. FARSETTA. In the past, we have approached the VA's IG office, and it is a matter of the manpower and how long is it going to take and who can go under cover and what could they do?

Mr. EDWARDS. Consequently, you are faced with a problem, do I lay off nurses and physicians and other medical care services in order to beef up my security forces; is that correct?

Mr. FARSETTA. Well, the reality of the situation is that—I can say this in the past, and I can say it certainly more for the future—is that with some of the budgets we are going to have to deal with, we are going to have to make those very tough decisions.

Mr. EDWARDS. The choices are going to get tougher rather than easier.

Mr. FARSETTA. A lot tougher.

Mr. EDWARDS. Dr. Suchinsky, you talked about the methadone situation where patients are given more than one day of drugs. You talked in a general sense about how we need more intensive oversight in their situations.

Are you comfortable that we are going to be able to change this system, with limited resources, to see that we solve the problem? I mean, from what I read, they are talking about selling massive quantities of methadone, so this is apparently a very serious situation. Is there a solution to this problem?

Dr. Suchinsky. Well, I think there are some things that are going to help alleviate the situation. One is the recent introduction of a medication called LAAM, which is a longer-acting opiate agonist, and is a medication that can be given and lasts for 2 or 3 days; therefore, you only have to dose the patient two or three times a week. We think that as LAAM is introduced into the system, this will reduce the home—take-home problem significantly and hopefully eliminate the issues that lead to the diversion of the take-home medications.

In fact, I learned recently, after the situation in Manhattan arose, that all new patients who are being brought into the—we now call it an "opiate substitution program" at Manhattan VA have been started on LAAM. They are no longer using methadone for the new patients.

The conversion of patients who are already on methadone to LAAM is really a clinical problem and has to take place usually over a period of time. Patients have to get used to the idea of what is happening and how this is going to affect their lives, because it does affect their lives. But we anticipate that this will go a long way towards helping us with this particular problem.

Mr. EDWARDS. How long will it take, before that is used in place of methadone throughout the VA medical system nationwide?

Dr. Suchinsky. Well, it is already in process and——

Mr. EDWARDS. One year? Two years?

Dr. Suchinsky. We anticipate that it will probably be extremely widely used within about a year to a year-and-a-half. We just had a national conference of all of our methadone programs to familiarize the people with the use of LAAM, and there was a tremendous amount of interest, and we know that a number of programs are now in the process of converting.

We think that probably there will have to be individual consultation at each of the programs to help the therapists be comfortable with the new medication.

The other thing to keep in mind here is that as we go towards more ambulatory care, the opportunities for diversion and manipulation of the system become greater, and that is something we also have to keep in mind.

Mr. EDWARDS. Very good. Thank you.

Mr. HUTCHINSON. Ms. Molinari.

Ms. Molinari. Thank you, Mr. Chairman. I suppose I want to take you back to my initial question and then your response to Mr. Edwards, and ask again, Mr. Baffa—well, first of all, let me go to you, Mr. Farsetta.

You have stated, in response to the Chairman's questions, that you had tried to contact and get the IG involved in investigating the problems at the VA center before you put together this task force. For how long did you attempt to go through that channel?

Mr. FARSETTA. I want to say a number of months, maybe 4, 5, 6 months.

Ms. Molinari. And we will ask the IG coming up after you, but their response to you was based on lack of manpower, lack of responses?

Mr. FARSETTA. Yes. And what I would like to say is that this concept of a special investigative task force really evolved in a series of these discussions with the agent in charge of the New York office, Bruce Ackman. I mean, this was an issue where a number of directors and the IG had a conversation about problems that we had, problems—problems they had, how could we best address these issues? And what came out of that was this proposal to establish this special task force.

Ms. Molinari. I guess what concerns me, though, Mr. Chairman, has to do more with the fact that if you have a director who is reticent about investigating perhaps a friend, or someone you have worked with for a long time is involved, you go to the IG for several months and there is not an adequate response; you know, that in order to get into and put your VA hospital on the front page, you are going to have to take some progressive steps. And it is also going to cost your budget, that there are not going to be many directors out there that may be willing to go that extra step, and if they can, in fact, show that paperwork trail that shows they contacted the IG on the last four times and there has been no response, then legitimately the director has done his job. And it seems to me we should make it easier for directors to move more forcefully towards these investigations.

Mr. HUTCHINSON. I agree entirely, and I think that is an issue we can take up with the IG.

Ms. Molinari. One more question to Mr. Baffa.

Mr. Baffa, what is the mechanism then for—let's say you are an employee or you have several employees in a VA center who think that there are substantial problems going on. They have brought it to the attention of the director, and the director doesn't want to move or is just satisfied with leaving this paperwork trail to the IG. Is there an alternative chain of command that any employee of the VA center can bring their suspicions?

Mr. BAFFA. Yes, ma'am, and I would like to address that and go back to one question you had previously raised about when inspectors or the investigators from my office go out on a cyclical basis to inspect the hospitals, do we look at the crime reports? All crimes committed on a VA property are to come to my office through a uniform defense report.

We are now dealing with the computer package I was alluding to before, Mr. Chairman, that we can pick it up automatically and see what is going on.

I am not saying to you that every case that is a criminal case being investigated is being investigated by the Inspector General's office. It is not. This was why a special task force was set up. We routinely, as do the local police officers, investigate crimes that occur on property.

The trouble that Mr. Farsetta had, if the crime is there, it is reported. I mean, if there is a crime there, is it reported? But when you don't know that a crime has occurred when you wonder whether a crime is existing or a crime is not existing, you don't have the officer in uniform, the detective in uniform going out and questioning everybody. You have got to get under the covers and you see what is going on.

I can't say all, but I do not know any circumstance where a crime has been committed or that a director did need help that he didn't get response from our office and/or the IG's office in one form or another. But we are like everybody else. We have to prioritize, like all Federal—all police agencies; and New York City PD has to prioritize investigations that have to be done.

Ms. Molinari. Do you have a so-called—I guess in New York City we call it a "whistleblower program," so that if an employee wants to bring problems over the director's head——

Mr. BAFFA. We have the "Inspector General's Hotline," which Mr. Trodden can discuss with you. The Secretary has a program called "Tell It To the Secretary." We have people that will write to my office. We get some of our inquiries through your offices, and I believe we have—to my knowledge, I know my office has acted on every one that we have received in one form or the other.

Ms. Molinari. Thank you.

Thank you, Mr. Chairman.

Mr. HUTCHINSON. Dr. Suchinsky, how long is an average patient in the methadone program? How long does he stay in that program?

Dr. Suchinsky. It is highly variable. The goal is to keep a patient in a methadone program for a long period of time, because we found that the longer a patient can stay in the program, the better the results, the long-term results—reduction in crime, increase in employability and so forth.

What usually happens in methadone programs is, as a patient is inducted into the program, you have a cohort that drops out very early, then you have another cohort that stays in the program and begins to work with the program over a significant period of time. So an average really doesn't tell you what is going on. The more important statistic is how many patients remain in the program for a year, two years or longer; and by and large, our programs are running about 50 to 75 percent, as I recall, for our last statistics.

Mr. HUTCHINSON. Isn't the goal to get them off?

Dr. Suchinsky. No. The goal is to keep them on. There are other programs.

Mr. HUTCHINSON. So for a lifetime, they would stay on methadone?

Dr. Suchinsky. Some patients may stay on methadone all their lives.

Mr. HUTCHINSON. These are people, whatever the who were going out and selling this. So obviously they weren't dependent upon the full dosage they were being given.

Dr. Suchinsky. That is correct, and that is where the oversight by the individual therapist becomes very, very important, because that has to be assessed. Patients can be very, very creative in how they try to mislead people, including people who are quite experienced.

Mr. HUTCHINSON. I had one other question for Mr. Baffa.

When someone comes in, they are hired into the VA security system, into the police force, how quickly do they go to north Little Rock to the training program? How quickly do they receive that training?

Mr. BAFFA. Our goal—as I said, within the first 90 to 120 days from being hired, they do some in-service training at the hospital. They do not get their arrest authority until they are badged and go through the training.

(Subsequently, Mr. Baffa provided the following information:)

While my answer is technically correct, it may be opened to a different interpretation. When an officer is hired, he cannot receive his badge, which gives him his arrest authority, until the training academy has received a "Request for Training". This is usually within 14 days after entering duty status with VA. Generally, the appointment to the Training Academy is within 90 to 120 days. Thank you for the opportunity to clarify these two issues.

Mr. HUTCHINSON. Okay, do Members have other questions of this panel?

Mr. EDWARDS. No.

Mr. HUTCHINSON. Thank you, gentlemen. We appreciate it.

Mr. HUTCHINSON. I would ask the second panel to come forward. The chair now recognizes Mr. Stephen Trodden, the VA Inspector General, and Mr. Michael Costello, who is the VA Assistant IG for Investigations.

Mr. Trodden, you are recognized.

STATEMENT OF HON. STEPHEN A. TRODDEN, INSPECTOR GENERAL, ACCOMPANIED BY MICHAEL J. COSTELLO, ASSISTANT INSPECTOR GENERAL, DEPARTMENT OF VETERANS AFFAIRS

Mr. TRODDEN. Good morning, Mr. Chairman, it is a pleasure to be here. I have been before this committee in this room many times before, and I believe this is the first time under your leadership, and I am pleased to be with you this morning.

I would very much like to keep the momentum going that I heard in the first panel and the questions that the committee asked, I think, are directly on target. A couple of things I would like to clarify, not contradict, but I think will slightly modify the thrust of some of the answers given, and then hopefully further develop the thrust of the committee's questions.

The first would be with regard to the delay. Ms. Molinari's thoughts, I think, are exactly on target: What do we do to make people incentivized to do the kinds of things that were done in New York? How do they get the message to keep on doing this and so forth?

The reality, though is, it is not a good guy, bad guy situation. It is not 4 months of the IG dragging its feet with regard to Mr. Farsetta's requests. What was involved was establishing the approvals and the paperwork for the creation of SIRTF. I think Mr. Farsetta and the New York directors deserve a great deal of credit for the initiative of SIRTF, as well as my special agent in charge of the New York office. What it took was a period of time to get the paperwork for that approved through the Washington chain.

At one time, I was told that the issue was before the Secretary, Secretary Brown, and we were awaiting his approval. After some period of time, when I had thought that was where the problem was, I brought it up directly to the Secretary, and it turned out that he had never heard of the problem. So once we addressed that, immediately the Secretary's approval was directly forthcoming and the SIRTF operation was up and running.

Now, the resources for SIRTF I use the formula 2-plus-6 where the six people were the kinds of people that Mr. Baffa and Mr. Farsetta just described; however, the two people were my SAC, my special agent in charge of the New York office, who is in the leadership position for the SIRTF, as well as another of my agents out of the New York office. So that is one important thing to keep in mind.

The other thing that was raised was the question of how much drugs were involved in the arrests in New York, and I would just like to answer that question that the committee raised. During the 6-month investigation, 180 bottles of pharmaceutical methadone were purchased by our undercover agents; 350 bags of heroin were purchased as were 127 tabs of Percocet, 90 tabs of Klonopin, 60 tabs of Lorazepam, 30 tabs Ami—Mike, pronounce this for me, please.

Mr. COSTELLO. Amitriptyline.

Mr. TRODDEN (continuing). 60 tabs of Xanax and small amounts of marijuana and cocaine. Some of the heroin was tested and found to be about 90 percent pure, which is extremely high street quality heroin, and the cocaine was between 65 and 75 percent pure.

In the interest of keeping the committee's discussion going, I am very much going to shorthand my prepared statement.

You have already established, I think, the correct baseline. The IG is set up to pursue, as you know, under the Inspector General Act, fraud, waste and abuse stemming from the IG Act of 1978, which has been modified a couple of times. We are there to provide a safe health care environment for our veterans, and we think we have jurisdiction over matters that affect the programs and operations of the VA and anything that would impact on that proper health and safety environment that our vets deserve.

On the other hand, title 38 creates a program which is called the police function for the VA, and that is the function that you just heard from, approximately 2,000 police distributed across the 172 VA hospitals; and the VA police are, as you just heard, there to

provide an immediate response to crime in progress while they can observe it, or minor investigations or referrals to the appropriate law enforcement activities.

The VA regulations describe the referrals to the FBI, when we are talking about serious matters of personal attack, criminal assaults; DEA, if we are talking about major drug problems; or my office, if we are talking about matters of fraud, waste, abuse, drug diversion and the like.

I have been before this committee before. We have talked in 1991 and 1992 about controls over VA drug diversion. I am pleased to report that all the indications through my follow-up system are that the promises made in those prior hearings with regard to improved accountability and controls over drugs seem to be in progress and it seems like we are moving towards a more effective control. I will not tell this committee that that is a done deal, that that is a solved problem; however, progress is in the works.

I associate myself with the comments made by Mr. Farsetta that the VA is a microcosm of the society in which it exists, and I don't think that we should anticipate that any problems that are in that society will not exist also in the VA.

You have also heard of the SIRTF results, and I won't bother you with repeating those.

With regard to methadone, which is mentioned in one of the letters of invitation, I am not an expert, of course, I think there is an inherent risk whenever you have a methadone clinic in the presence—or inside the perimeter of a VA facility. By definition, almost, you have an inherent risk with regard to the clientele for that program.

There is a set of rules and regulations with regard to tracking custody and inventory of methadone. It runs from the pharmacy to the health care officials to the vet, and I think probably you have already focused on the problem here, being take-home doses that are not consumed on the premises; and to a minor extent, even single doses that may be apparently consumed on the premises that may not, in fact, be consumed, or the street—in polite terms, a "spit-back," which is not rare and not unique to the VA.

With regard to expanding the concept, and I think that is really the thrust of most of your questions, I am not prepared to tell this committee that the problem is rampant throughout the VA. I don't know that. On the other hand, I think I would be naive and the committee would be naive to believe that it may not exist elsewhere.

So given those two extremes, it seems to me that the thrust of Ms. Molinari's concepts are right on target. How do we incentivize other directors to be encouraged to do the kinds of things that were done in New York? How do we send them the message that they are better off raising these kinds of problems and bringing it to our attention and putting the required resources to bear that would determine whether or not they exist elsewhere versus putting their head in the sand and hoping that the problem doesn't exist.

In all candor, I have to say to the committee that that issue of incentive and working with the IG is an ever-present problem. Some directors probably do think that the only thing they are going to get out of working with the IG is a black eye. It is a message

or an inference that I have tried very hard to dissuade, and I think—I would hope the experience of Mr. Farsetta, with one exception, notwithstanding, in the press, that generally the reaction has been good.

I would urge the committee to do anything it can to send a signal to medical center directors and to VA management that they are far better off taking a proactive view of this and involving my office, as appropriate, than they are ignoring the problem; and I think one of the things that it is incumbent on me to do following the New York experience is to write a "lessons learned."

We already did that with regard to the series of busts that we had in Manhattan, and now I think it is incumbent on my office to write a "lessons learned" report and send it to the Chief Medical Director and learn whatever lessons we can following the Brooklyn experience and figure out where we go from here.

I assure this committee that there has been and there is no reluctance on the part of my office to continue this SIRTF experience. There would be a tendency, I think, on my part or my agent's part, maybe to go global with this thing and to pound on the table and ask for resources to establish a national task force modeled after the New York experience, but I am not going to do that, at least not at this stage.

I think the next thing to do—and part of these "lessons learned" that I would envision sending to the Chief Medical Director would be to take this SIRTF experience in New York and ask him to canvass his medical center directors or perhaps his 22 new VISN directors, assuming they are in place, and see if anybody in that community has any reason to believe that they have indicators of the kinds that were present to the folks in New York, and let's see where the most likely step is to take the next incarnation of SIRTF and take it that second step.

And I would be quite willing to do that. If we take it a second step in another, I suspect, major metropolitan area that has got a methadone clinic and a methadone program, and we get the kind of hits that we got in Brooklyn; and maybe if we take it a third step, and we get the kind of hits that we got in Brooklyn, then I would think I might be in a position to come back before this Congress and say, we need to do something on a longer-term, more permanent basis, perhaps a more national basis.

But I clearly think it would be a mistake to let the initiative die completely that was created in Brooklyn, and I am wide open to taking the next step; and I think we should recommend that to the Chief Medical Director, report the results to the Congress, and if there are results that would indicate a more permanent dedication of resources, I think we should address it at that time.

I will close my remarks with that, Mr. Chairman, and take your questions.

[The prepared statement of Mr. Trodden appears on p. 45.]

Mr. HUTCHINSON. Thank you, Mr. Trodden. I appreciate your being here today and appreciate your testimony and your efforts in this regard.

You expressed reluctance to perform some kind of special national task force now. A couple of questions based upon that. Is

what happened in Brooklyn, unprecedented historically? Have things of this magnitude appeared before?

Let me go ahead and—what do you envision as far as some kind of task force and why are you reluctant to initiate that kind of—how pervasive is the problem in the Northeast and if it is as pervasive as has been alleged, then why not move ahead?

Mr. TRODDEN. Good question, Mr. Chairman.

Couple of things come together. First of all, the SIRTF that we have created in New York is not dead. We intend to continue that operation, to continue its operations in New York City and perhaps expand to one or two locations in the immediate environs of New York City. It would be inappropriate to talk here about details, but I think the committee might get the thrust of what I am talking about.

So, number one, we are not going to let SIRTF die.

Number two, as I just said, a second incarnation of SIRTF might be entirely appropriate. I would like to target that at a likely area. I need the kind of input from another medical center director or another VISN director. The kind I got from Mr. Farsetta I think would be most helpful. We would like to target the next incarnation of SIRTF into an area that seems to have a need.

The reason I say not willing, at least yet, to go with a national task force is twofold. One, to be quite blunt, I don't have the resources. Against those 2,000 VA police that I talked about, I have a total of 72 agents in the entire Office of Inspector General who are doing everything from activities of this kind to busting crooked lawyers in the Board of Veterans' Appeals who are rigging veterans files so as to make their productivity look better than it really is. And that has been in the press, and we have gotten two recent convictions in that area.

We have got cases ongoing with regard to product substitution where the VA thinks it is getting one thing in its procurements and is getting something else or we think we are getting an American-made product under the Buy American Act and we are getting a foreign-made product.

We have done substantial work in the loan guarantee area and received substantial checks back to the U.S. Treasury—one in particular that I held in my hands and had the pleasure of giving the Secretary for $6.9 million—and on and on and on.

Mr. Costello can give you more detail, if you would like, about the distribution and allocation of his 72 agents. I would simply say they are very gainfully employed in a whole host of areas that are very, very important to me and I suspect very, very important to the committee.

So it would be tough for me to put major resources into a national task force. On the other hand, am I willing to put another two agents in Chicago or L.A. or wherever it is indicated to run a similar kind of operation to the 2-plus-6 formula that we had in Brooklyn? Absolutely, yes. And the other answer would be that I don't have an indication yet that we have other places that are as rampant, as deep and as organized as they were in Brooklyn.

Do I have indications of other drug problems throughout the country? Absolutely. I think Mike has got a total of some 90 investigations over a 2-year period that have been opened in the drug

area. We have other places where other directors are reaching out to us and asking for help, and I will call them ad hoc cases where we are working one IG agent with one hospital director, perhaps involving local VA police, perhaps involving the DEA and so forth.

We do that routinely. The thing that made Brooklyn different was the scope of the operation, the fact that there was so much activity ongoing at Brooklyn, the fact that we needed a task force of about eight people. We needed the coordination with the DEA. We needed the resources that Farsetta and the other two hospital directors provided. We needed equipment for surveillance and so forth and so on.

I have no indication that there are other VAs with that scope of activity; but, again, I would like to find out. And the way to find out would be to do SIRTF again in a very likely spot, and if I get it two or three times over then I think my answer might change.

Mr. HUTCHINSON. Thank you. Mr. Edwards.

Mr. EDWARDS. Thank you. Mr. Trodden—and I appreciate your focus on what we should do from this—has come up with a proposal of lessons learned so we can address the problems and move ahead. It seems to me, just from the little testimony I have heard, that there is a reticence of VA medical directors, and I assume also VA medical employees, to report problems such as this to the Inspector General's Office. Do you agree that most directors or employees would not think to come directly to your office on a problem like this?

Mr. TRODDEN. I don't know if I can use the term most, Mr. Edwards, but I think you are exactly right. There are pockets of resistance. Even our reach-out following the SIRTF experience has—we have reached out to a number of other hospital directors exploring the possibility of where do we go from here. Some have indicated enthusiasm for pursuing the concept. Others have kind of put up the wall and said, you know, I don't have that problem here; I don't need your help, thanks.

Mr. EDWARDS. Is there any sort of 800 number posted in the VA medical center saying if you have reason to believe there is waste, fraud or abuse, please call this number and they will be plugged into your staff?

Mr. TRODDEN. Yes, sir, I do—that is the reason I was reluctant to say most. Because while there are pockets of resistance, I do have a hotline; and I think it is either the busiest hotline in the Federal Government among all the IGs or the second busiest. A tremendous amount of traffic comes in over my hotline.

The number that you talked about is posted in the medical centers. It is posted on the back of the VA phone book. The Secretary has listed it on the envelope that the paychecks come in, to all VA employees, and as a result of that we get quite a bit of traffic.

Now the reluctance maybe on occasion might come from the leadership. We might have leadership which is just the opposite of Mr. Farsetta. But even if the leadership is reluctant, we get a lot of traffic from the rank and file.

Mr. EDWARDS. There is a number posted where a typical employee, from a janitor to food servicer, could call that number.

Mr. TRODDEN. Yes, sir. We make every effort we can to keep that number in front of the VA population.

Mr. EDWARDS. Let me just say, I am hesitant to ever criticize administrative agencies in terms of not handling all the business that is before them because we in Congress set your budgets, and we are being fairly restrictive, and I know you do have to set priorities.

The only comment I would make to you, looking at your testimony and hearing your comments about your resources being spread thin and having priorities such as dealing with whether drugs were bought legally from within the United States, or foreign-made or American-made, I can't think of many issues that would greater impact the credibility of the VA medical care system than the belief, if the public were to have it, that we have drug operations all across the country in our centers.

And, frankly, you know, I must say that I would have to think that within a limited budget in an IG's office that this would be an absolute top priority. If we find out that the VA system is buying some drugs legally bought—or manufactured in a foreign country, maybe that is something Congressman Jim Traficant and other Members of Congress and some of us would like to know about, but it is not going to have the impact on the public's perception of our health care system for veterans as what—as we have seen from this kind of situation and the publicity that arises from it.

Why is this not an absolute top priority within your office, even given the very limited resources that I respect that we give you?

Mr. TRODDEN. It is a good question, Mr. Edwards.

It is a very high priority with me, particularly when I get the kind of cooperation from management that we got in the case of Brooklyn. I have to answer it that way because you should be aware that my authority and my responsibilities are mandated by the Inspector General Act of 1978 as amended. That act in and of itself says I am not to duplicate the program responsibilities of any program official.

So there is a little pause that I get to when I read title 38 of the U.S. Code that creates a program called Law Enforcement in the VA and assigns it not to me but to those 2,000 police officers that work for the medical center directors around the country.

Now, I clearly have oversight responsibility over all VA programs.

Mr. EDWARDS. Right.

Mr. TRODDEN. So my first mind-set is my primary responsibility in fraud, waste and abuse and oversight over all VA programs, to include the police function. Now, if I get a situation where the boss of the police function, i.e., the medical center director——

And, by the way, I didn't make this clear in my opening remarks, but the VA police work for the medical center directors. Mr. Baffa is the Deputy Assistant Secretary for Security and Law Enforcement and has oversight responsibility, policy responsibilities, training responsibilities and the responsibility to make sure that the rules of the road are followed by the VA police.

And one of the first things that I did upon becoming Inspector General was to amend the VA manual to make sure that it is clear to all those police that they have reporting responsibilities to my office, to the FBI, as appropriate, and to the Drug Enforcement Administration, as appropriate. And it is part of Mr. Baffa's respon-

sibility to make sure that those referrals happen as they are supposed to.

Now, that is a long answer to say that responsibility for drug trafficking I think I can reach, and I think it is something that I can do legitimately when management sees the need, but I don't view it as my primary responsibility as I do fraud, waste and abuse mandated by the IG act.

I have looked around the Federal Government to see if there are any similar parallels to the kinds of work we did in Brooklyn, and I have been advised—this is by no means an exhaustive search—but I have been advised, for example, that the closest thing to a parallel would be HUD's IG and an expression from the Congress that they would like to see the HUD IG getting into the question of whether there is illicit drug trafficking in public housing. And I believe in that particular instance the need was ratified by the Congress and resources were, in fact, provided for the HUD IG to get in that business.

I am not here to politic this committee for additional resources. I am fully aware of the constraints in all our budgets. But it is a reality that the congressional floor, for example, that is still on the books and which I took some degree of comfort in when I took this job in 1990—there was a congressional floor that when the Department of Veterans Affairs was created, a congressional observation that 400-some people for the IG was a rather thin IG relative to other IGs in a department of 240,000 people. So I took some comfort in the fact that there is on the books a congressional floor of 417 people for the IG.

Well, I have long since sunk below that floor, and I am still heading south. So I am not crying, I am not saying we won't do the best we can with the resources we got, but we are on a southerly trend, and it is very, very difficult to make the decisions of where we apply our resources and where we don't.

Mr. EDWARDS. Thank you.

Mr. HUTCHINSON. Thanks, Chet.

Susan.

Ms. Molinari. Thank you, Mr. Chairman.

You may have heard with regard to the first panel that there have been additional allegations concerning activities at the Brooklyn VA, specifically the question had been raised of security guards using their strength to hold patients down to get medication and also the question of thievery at St. Albans and selling off of some VA property. Are you aware of that and have you looked into those allegations?

Mr. TRODDEN. Frankly, Ms. Molinari, I am aware of it as of a couple hours. I read that article this morning. I think Mike and his folks had checked out the issue at St. Albans.

The answer that you got this morning that the FBI is looking at that is consistent with our information. And the answer that their preliminary, if not their final answer, was an inability to confirm the theft allegations is also consistent with our information.

Ms. Molinari. So in an instance like that, where there is an inability to confirm yet there is not an outright denial that that takes place—and I don't think anybody even said that it is not possible that that could be happening—does the IG continue to monitor that

situation? Is it up to Mr. Farsetta to continue to monitor that situation? Does the FBI keep a hand in it? Whose job is it now?

Mr. TRODDEN. Let's see how to answer that. Of course, my investigators, pursuing allegations of criminal misconduct, operate under the same rules of law that bind the entire country; and so they are looking for proof beyond a reasonable doubt. And you are absolutely correct, an inability to confirm is not the same thing as an exoneration, but that is the—that is the milieu, if you will, in which criminal investigators work.

That is also one of the reasons I want to draw a lesson learned out of the Brooklyn situation. I think Mike has taken the lead. I have tried to preach that it is not only our job to find out whether the allegations of criminal misconduct are founded, but if they are or if they are not to see if we can look beyond that to find any indications of internal controls or management issues that might prevent problems like that in the future.

So switching gears, if you will permit me, I don't know what the answer to the St. Albans situation is; but turning back to Brooklyn, I think there are at least some questions in my mind I want to discuss with my troops and then write this letter to the Chief Medical Director.

For example, getting into the records of veteran patients in the drug treatment area is something my investigators cannot do by congressional statute. We have to give a wide swath to the privacy and privilege surrounding people in the drug treatment program.

So while I can tell you that we purchased 180 bottles of methadone in the course of a 6-month investigation, I don't know whether that is 180 out of a thousand or out of 10,000 or 20,000. I don't have a perspective on that. Butone of the things I can do is recommend that the clinicians who work for Dr. Kizer do a review and ask some of these questions.

Some questions—this is just off the top of my head without a lot of time to really think about it—like, for example, when we are treating veterans for chemical dependency and we are giving them methadone, presumably we are doing urinalysis, presumably we are finding out whether there are the trace chemicals of other drugs in the system at the same time we are giving methadone.

It might be possible to see whether we have got that kind of problem and whether there is any correlation between the veterans that were acting out in a misconduct way in Brooklyn, a correlation between that and their ingestion at the same time of other drugs.

There are a host of controls. The question of consumption on the premises I think is something that is—I would want somebody to take a look at. How are we verifying that the methadone delivered in the VA clinic is, in fact, being consumed when delivered? And is there any alternative to this take home thing? I was encouraged by the Doctor's remarks of an alternative drug which, frankly, I am not familiar with.

Ms. Molinari. I just have one last question.

A local official, in response to this investigation at the Brooklyn VA, has concluded that the grand jury probe might be appropriate and I was wondering what your response to that suggestion would be.

Mr. TRODDEN. I am not familiar with that issue. Mike, would you like to pick up on that?

Mr. COSTELLO. I think that a probe of that nature is highly unlikely for the following reasons: First of all, the grand jury, before it investigates anything, would have to have an idea of the breadth and scope of any illicit activities, and I don't think they have it in this respect. To parade 2,500 employees before a grand jury—will it be a State grand jury or a Federal grand jury, the 2,500 employees that Jim Farsetta has is kind of impractical. So I don't think that that is going to happen.

I think, for the time being, we have made an impact; and, hopefully, that impact will be long lasting.

Ms. Molinari. Thank you.

Thank you, Mr. Chairman.

Mr. HUTCHINSON. Thank you, Susan.

Mr. Trodden, in reference to these—the allegations that were reported in the press today regarding excessive force by VA police, have you in the past had—have there been many such reports that have come to your attention and do you regard this as a—any kind of serious problem within the VA system?

Mr. TRODDEN. I was scratching my memory, Mr. Chairman, as I read this article out in the hall. Frankly, I will have to check; and if there is any different answer after I review my files I will make sure I communicate it as part of the record of this hearing. But I am not aware, as I think back, of any allegations of police misconduct in the area of excessive restraints with patients. I do believe we have had allegations, whether they have been substantiated or not, of excessive force generally, maybe by clinicians.

Now, that gets into a tough area, particularly when you are dealing with a psychiatric patient, of when the force is reasonable and when it is unreasonable and so forth. But—I think the issue of excessive force is not new, but I don't recall hearing an issue of excessive force coupled with the VA police. I could be wrong on that. I will check, and if it is different, I will let you know.

Mr. HUTCHINSON. Are there other questions of this panel? Chet.

Mr. EDWARDS. Quickly, one question, then one comment, Mr. Trodden. When you get a call into your office through the 800 phone system from a VA employee who is not a medical center director—let's just say they were to suggest there was evidence that indicated drug dealing going on at the local VA hospital. Do you send that information to Mr. Baffa or how does the system work at that point?

Mr. TRODDEN. We have a cut to make, Mr. Edwards. Frankly, as I said, it is extremely high volume, I think on the order of 24,000 contacts last year to the VA hotline, to my hotline; and so, quite candidly, we have sort of a triage decision to make.

Some of it isn't even fraud, waste and abuse within the remotest meaning of the Inspector General act. Some of it is, could you give me the phone number for personnel or my boss is a jerk. We say, well, he may be or he may not be. Could you give us a little more? You know. So there is a triage function.

When it sounds like there is an allegation of fraud, waste or abuse, drug abuse or whatnot, we clearly are looking for more, anything we can grab in the way of facts, times, dates, specifics. My

hotline operators are trained to try to evoke that kind of detail. They will get as much as they can. They will encourage the complainant to write anonymously, if need be, any further detail that they may have, try to get any leads they can get.

Then we sit down and make a judgment. Is this something we can handle with our resources or do we farm it out to Mr. Baffa? Do we farm it out to VHA? Do we farm it out to the Veterans Benefits Administration, et cetera?

So the short answer to your question is, we do some of both. Particularly evocative cases, the ones we think go right to the heart of the IG mission and mandate, we keep to ourselves.

Mr. EDWARDS. I appreciate that. If I could finish with one comment. I speak for myself, but also other Members of Congress would share this belief. Given the limited resources that you have and the wide range of problems that you have responsibility to investigate, I don't think I could think of a single area that would be more important to look at, investigate, root out where problems exist and help us convince the public that where there has been a problem, we have identified it and dealt with, than the problem of drug dealing within the VA hospitals.

You listed a number of issues, seven or eight or nine of them, and I am sure each and every one of them is important. I can't think of any one of those, whether it is even employees stealing sheets or supplies from a VA hospital—I can't think of any of those that come even close to having the kind of public impact on the future of the VA health care system than the drug problem, if that is a broad-based problem. And Mr. Farsetta seems to suggest this is not a problem isolated to Brooklyn.

So, given your limited resources, all I could say to you is I hope you would come away today with the belief that many Members of Congress would be very supportive of you in taking your limited resources and focusing on this problem in whatever creative way you have to in working with Mr. Baffa or others.

I just think if this were to continue to nip at us over the next year or two and problems just dribble out, rather than identifying them, cleaning them up and moving on, it could have a serious impact on our ability to get the public to even support funding for the VA medical system. So I hope that is one message you would take away from this hearing today.

Mr. TRODDEN. I appreciate it, Mr. Edwards; and I assure you there is no reluctance whatsoever on my part or any of my staff to take the next step; and we will make sure we communicate that with the VA management.

Mr. EDWARDS. Thank you.

Mr. HUTCHINSON. And let me just close by echoing Chet's remarks. I think that should be the message of this hearing today, that the public perception about what happened in Brooklyn is not an isolated incident but that it is pervasive in the VA system and could do more to undermine public confidence in the VA than perhaps anything. And that while you have very limited resources, and we are very conscious of that and sensitive to that, and while the other activities that you have enumerated are certainly not to be minimized, they are very important, I can think of nothing that should be at a higher priority than determining how widespread il-

legal drug activities are in the VA system and in insuring that there is a crackdown on these, and determining if we can play a role in this.

You have mentioned the precedent with HUD. If a clear expression of Congress that investigating drug activities should be a priority would give you greater confidence in your mandate of fraud, waste and abuse, then I think we are certainly going to be open to doing that. And I will ask the committee staff to look into exactly what kind of mandate Congress gave HUD when they were expected to look into widespread drug peddling in public housing.

But we do thank you today for I think very helpful and very forthright testimony, and we appreciate it.

If there are no other questions, the subcommittee stands in adjournment.

[Whereupon, at 11:35 a.m., the subcommittee was adjourned.]

APPENDIX

Opening Statement
for
Honorable Chet Edwards
Ranking Member
Subcommittee on Hospitals and Health Care

Oversight Hearing on Undercover Investigation at Brooklyn VAMC and other Illegal Activities at VAMCs

September 27, 1995
Room 334, CHOB

Mr. Chairman, this hearing brings into focus an unfortunate reality -- that even institutions like our VA medical centers, which are dedicated to the highest ideals of public service -- are not necessarily immune from criminal activities. Unfortunately, VA can not depend on either local law enforcement, or other Federal law enforcement agencies to police VA medical facilities. VA itself, therefore, has a necessary and proper responsibility for law enforcement on its grounds.

In the past, this Committee has certainly devoted considerable oversight to security problems at VA medical

centers, and it is timely that we re-examine the effectiveness of these efforts.

Today's formal testimony indicates that VA Security Service has markedly improved in recent years. I certainly welcome the opportunity to explore whether further improvements can be realized. In my view, however, we must be mindful of the fact that VA's security service is funded from the same appropriation as is patient care. With the prospect of ever tighter VA budgets ahead, hospital directors confronted by such competing priorities as patient care and law enforcement will undoubtedly be facing some very difficult staffing decisions.

In that regard, I particularly welcome the chance to hear from Jim Farsetta, one of VA's highly respected medical center directors. I look forward as well to the testimony of John Baffa, VA's Deputy Assistant Secretary for Security and Law Enforcement, and of Steve Trodden, VA's Inspector General.

Congressman Jack Quinn
30th District New York
Veterans Affairs Committee

September 27th, 1995: Official statement at the House Committee on Veteran Affairs Subcommittee on Hospitals and Health Care: Hearing on VAMC Brooklyn and related issues:

"Mr. Chairman, today's hearing will be instrumental in further demonstrating the necessity of having an effective Office of Inspector General at the Department of Veterans Affairs. The Office of Inspector General is responsible for conducting oversight reviews into the Department of Veterans Affairs to prevent waste, fraud and abuse. The 1978 Inspector General Act and the subsequent amendments have helped formulate a cohesive response through which federal departments may redress illegal behavior or inefficient service which may be occurring."

"I am very interested to hear what Mr. Farsetta, Mr. Baffa and Dr. Suchinsky have to say about the situation that arose at the Brooklyn VAMC. Also, I am particularly pleased that Inspector General of the Department of Veterans Affairs, Stephen Trodden and Assistant Inspector General Michael Costello have taken time form their busy schedules to be hear at today's subcommittee hearing. I know that Mr. Trodden will echo many of the sentiments that I have expressed regarding the importance of the Office of the Inspector General in conducting oversight investigations in federal department and agencies".

THE HONORABLE MICHAEL BILIRAKIS
SUBCOMMITTEE ON HOSPITALS AND HEALTH CARE

"OVERSIGHT HEARING ON ILLEGAL ACTIVITIES AT VA MEDICAL FACILITIES"

SEPTEMBER 27, 1995

THANK YOU, MR. CHAIRMAN.

FIRST, LET ME COMMEND YOU FOR SCHEDULING TODAY'S OVERSIGHT HEARING ON ILLEGAL ACTIVITIES AT VA MEDICAL FACILITIES. THIS IS AN IMPORTANT TOPIC WHICH DEMANDS OUR ATTENTION.

LIKE MOST PEOPLE, I WAS EXTREMELY DISTURBED TO LEARN THAT NINETEEN WORKERS AND PATIENTS WERE ARRESTED AT THE BROOKLYN VA MEDICAL CENTER AND CHARGED WITH DEALING OR BUYING DRUGS. ADDITIONALLY, A VA POLICE SERGEANT WAS ARRESTED AND CHARGED WITH ACCEPTING BRIBES TO ALLOW THE DRUG DEALING TO CONTINUE.

THIS CASE IS PARTICULARLY DISTRESSING SINCE THE DRUG TRAFFICKING TOOK PLACE AT A FACILITY THAT HOSTS A DRUG REHABILITATION PROGRAM. THIS SERIOUS BREACH OF SECURITY IS CLEARLY UNACCEPTABLE.

IT IS INCUMBENT UPON OUR COMMITTEE TO FULLY INVESTIGATE THIS MATTER. ALTHOUGH I AM UNHAPPY THAT ILLEGAL ACTIVITIES ARE TAKING PLACE WITHIN THE VA, I WAS PLEASED TO LEARN FROM THE WRITTEN TESTIMONY SUBMITTED TO THE SUBCOMMITTEE THAT THE VA HAS BEEN TAKING STEPS TO CRACK DOWN ON THESE CRIMINAL ACTIVITIES.

I AM ANXIOUS TO HEAR ANY RECOMMENDATIONS OUR WITNESSES MAY HAVE ON WAYS TO IMPROVE SECURITY AT VA MEDICAL FACILITIES. OUR VETERANS AND VA EMPLOYEES DESERVE SAFE AND SECURE MEDICAL FACILITIES.

MR. CHAIRMAN, I LOOK FORWARD TO WORKING WITH YOU AND THE OTHER MEMBERS OF THE COMMITTEE ON ANY SUGGESTIONS THE WITNESSES MAY HAVE ON THE ISSUES BEFORE US TODAY.

THANK YOU.

Opening Statement of

Representative Susan Molinari

Subcommittee on Hospitals and Health Care

September 27, 1995

Thank you, Mr. Chairman, for allowing me to sit with your Committee today to discuss the recent arrests and security problems at the Brooklyn VA Medical Center. This is an issue of primary concern to my constituents, and I commend the Chair for convening this hearing to review the current safeguards in place and help us flush out what steps need to be implemented so we can ensure that our veterans are receiving the care they deserve without the threat of drugs or other crimes.

As you know, one of our witnesses here today -- Mr. James Farsetta, the Director of the Brooklyn Medical Center -- has worked closely with my office over the years on various important issues. And when my office was initially contacted regarding stories of ongoing misconduct and criminal activity at the Brooklyn VA Medical Center, I immediately contacted Mr. Farcetta.

While I want to commend the Brooklyn VA, and Director Farsetta directly, for recognizing the severity of the situation and calling in the appropriate law enforcement officials to investigate, I am concerned over what the VA is doing

long-term to deal with this situation. Is it, for instance, appropriate for the IG of the Department to oversee the VA police functions, more regularly or is contracting out for private security services more effective? Are independent and seperate federal investigations being conducted throughout the country and to what extent?

Over the past few weeks, local New York papers have published stories indicating that corruption, employee discrimination and general disregard of law enforcement practices may still be taking place in Brooklyn. Whether these accounts are substantiated or not, such stories underline the basic concern of making all VA hospitals free of criminal activity.

I personally think it is outrageous that crimes of this magnitude are being committed in a place designed to protect and preserve the health and dignity of our veteran community. I am hopeful that this hearing today is the first of many regarding this issue, and that the VA will continue to report back to Congress what progress is being made. In my mind, Mr. Chairman, it is essential that we work together towards creating a more accountable VA medical system which -- to the greatest extent possible -- can be completely free from crime.

Thank you again, Mr. Chairman for allowing me to participate in these hearings.

STATEMENT OF

JAMES J. FARSETTA, FACHE

MEDICAL CENTER DIRECTOR

DEPARTMENT OF VETERANS AFFAIRS MEDICAL CENTER

BROOKLYN, NY

BEFORE THE

SUBCOMMITTEE ON HOSPITALS AND HEALTH CARE

HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 1995

Mr. Chairman and Members of the Subcommittee:

I am pleased to have the opportunity to discuss the recent arrests which occurred at the Department of Veterans Affairs Medical Center in Brooklyn, NY on September 13, 1995.

However, by way of introduction please allow me to provide some background information about myself and the Medical Center in Brooklyn. I have been the Director at the Brooklyn VA Medical Center for approximately 13 years. I administer a $196M annual budget and direct the activities of approximately 2,900 medical, allied health, research, and administrative support employees at the Medical Center, Ryerson Street Outpatient Clinic and the St. Albans Extended Care Center. The Medical Center provides high quality medical, surgical, geriatric and neuropsychiatric health care services to veterans in Kings, Queens and Richmond Counties of New York. The Medical Center is an academically affiliated three-division complex operating 886 beds, with approximately 9,300 discharges and 379,000 outpatient clinic visits provided annually.

On September 13, 1995, a task force of federal agents completed a several-months-long undercover investigation at the Brooklyn VA Medical Center. Seven VA employees and seven outpatients were arrested for drug-related crimes and

other offenses. One of the seven employees, a police officer, was charged with accepting a bribe for allowing the criminal activity to occur. The remaining six were non-clinical employees from Environmental Management Service, Medical Administration Service and Engineering Service. Seven additional employees were issued summonses and arrests may subsequently occur.

Over the course of many years, trusted employees came to me with suspicions of illegal activities occurring at the Medical Center. In each instance, I contacted law enforcement agencies such as the Federal Bureau of Investigation and the Drug Enforcement Administration. But historically, because I was unable to quantify the problem, they could not spare resources from other ongoing investigations. In late March, 1994, I contacted the VA Inspector General's (IG) office to enlist their help in dealing with the problem.

I joined with the Directors of Manhattan and Bronx VA Medical Centers in proposing that the IG create a special undercover unit to look into illegal activity at our medical centers. We arranged for funding which totaled approximately $350,000 to support the operation. Those resources were used to establish a Specialized Investigations Regional Task Force, the first unit of its kind ever created in VA.

In the following months, I worked closely with IG investigators, federal agents from the Drug Enforcement Administration, and representatives from the US Attorney's office to identify the depth of the problem at my Medical Center and those who may have broken the law.

The results of the joint effort were successful. Two drug rings were broken up, and several employees and patients allegedly engaged in illegal activities were arrested.

Needless to say, I will not tolerate illegal activity at the Brooklyn VA Medical Center. No one is more concerned than I am about providing a safe and caring environment for our veterans. Thanks to the task force, we now have a new and effective weapon to make sure that the hospital environment is secure.

Typical of unfortunate situations like this is the tendency to paint everyone associated with the organization with the same brush. Please allow me to take this opportunity to applaud the overwhelming majority of Brooklyn VA Medical Center employees, hardworking and dedicated, who come to work every day and give their all for the veterans in our community.

This concludes my statement, Mr. Chairman. I will be pleased to answer any questions you or members of the subcommittee may have.

STATEMENT OF
JOHN H. BAFFA
DEPUTY ASSISTANT SECRETARY
SECURITY AND LAW ENFORCEMENT
DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE SUBCOMMITTEE ON HOSPITALS AND HEALTH CARE
HOUSE OF REPRESENTATIVES
September 27, 1995

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the Security and Law Enforcement program within the Department of Veterans Affairs (VA).

I would like to begin by giving you a brief history of the program's development. Prior to the early 1970s, VA employed guards to provide security at VA facilities. These guard forces operated without central controls, guidance, standards or oversight. Crime rose significantly in all areas of the country during the decade of the 1960s. At VA, this was reflected in more frequent and harsher conflict situations between existing guard forces and bolder and more aggressive intruders and caused VA to recognize the need for better qualified and trained individuals to ensure protection of persons and property on Department property. Guards, with inherent limited authority, were unable to ensure the required level of protection, and local police were unable to provide the presence on facility grounds necessary to deter crime. As a result, VA followed the lead of other Federal Agencies and elected to adopt the more stringent qualification and physical standards of the GS-083 Police Series.

VA requested and received legislative authority to establish a police force on property under charge and control of VA, which would enforce Federal laws, as well as VA rules and regulations. A training center was established at the VA medical center in Little Rock, Arkansas and VA developed policies and procedures to help ensure the protection of persons and property. Over time, improvements occurred in the quality of VA protective services.

The 1970s were fairly quiet. However, in the 1980s, VA's entire Security and Law Enforcement Program was strongly criticized by Congressional Committees, by the news media and by the VA Inspector General. The perception was that there was an unwillingness on the part of VA management to invest in the changes that were needed to ensure a viable and effective program. As a result, in 1989 the Office of Security & Law Enforcement was created and program management was shifted from health care management supervisors to the Assistant Secretary for Human Resources and Administration. Since that time, significant improvements in program oversight and training have been accomplished. This has resulted in the development of a more professional police force and a higher quality of protective services. A 1992 follow-up audit by the VA Office of Inspector General reviewed corrective actions taken regarding a 1989 audit of security service operations and concluded that "all recommendations had been effectively implemented and program administration had improved substantially."

Program oversight has been expanded by increasing the Security and Law Enforcement staff and markedly increasing on-sight inspections. The focus in conducting these inspections has been on improving the operation of those police and security operations found to be less than fully satisfactory. Almost 250 inspections have been accomplished since the creation of the Office of Security & Law Enforcement.

Also, training has been enhanced by increasing the length of the basic training course, by improving the quality of training, by opening a state-of-the-art classroom and dormitory building at the VA Law Enforcement Training Center, by the addition of highly qualified instructors, and by expanding the variety of training programs offered (e.g. detective training, chief training and refresher training). The improvement in quality is evidenced by the acceptance in 1994 of our 160 hour basic training course for six hours of undergraduate college credit by the University of Arkansas at Little Rock.

A management intern program designed to systematically train new chiefs has been developed and is presently being implemented. Additionally, improvements have been made in officer safety, particularly by the introduction of the side-handle baton, and in the average grades of police officers, supervisors, and chiefs. Attention has

also been given to areas that have improved officer morale, such as, changes to the uniform and redesigning the badge.

We continue to strive to improve security and law enforcement operations at all VA facilities. The effectiveness of programs range from highly satisfactory to unsatisfactory as evidenced from overall inspection ratings. Those facilities where the program is perceived to be less than satisfactory receive greater attention from our office. The Brooklyn VA Medical Center police and security program has seen improvements during the past several years. Mr. Farsetta has implemented many recommendations made by my office. A new chief arrived on April 1, 1995, and has begun making additional changes, including development of a cooperative task force among our New York City area facilities.

The overall philosophy of our program is to prevent crime from occurring by having a highly visible police presence and through vigorous patrol activities. We also use technical means such as security cameras to monitor certain areas. We recently instituted a canine program with emphasis on illegal drug interdiction. There are now eleven hospitals where a canine patrol is either being utilized or is in the implementation stage.

Unfortunately, there are times, as illustrated at the Brooklyn VAMC, when crime does occur. The nature of the crime dictates the investigative process used. Remembering that a VA hospital is a Federal installation, it usually requires that a Federal law enforcement agency investigate the crime. This may mean that the local VA police will conduct the investigation. It may necessitate calling in local Federal agencies, such the FBI or Secret Service for assistance. It may also call for my office to conduct the investigation. Further, it could be a joint investigation of my office with members of the Inspector General's staff. In the case of Brooklyn VAMC, where a protracted undercover operation was required, a special joint task force was employed.

The Secretary, my office, and the police officers of the Department of Veterans Affairs, are committed to providing a safe and secure environment for our veterans, employees, and visitors. As previously stated, our philosophy is to prevent crime

from occurring. When, and if it does occur, we use all legal methods available to investigate, arrest, and convict the perpetrators.

Thank you very much, Mr. Chairman, I will be glad to answer any questions.

STATEMENT OF
HONORABLE STEPHEN A. TRODDEN
INSPECTOR GENERAL
DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
SUBCOMMITTEE ON HOSPITALS AND HEALTH CARE
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
SEPTEMBER 27, 1995

I would like to thank the Subcommittee for the opportunity to discuss some issues the Department of Veterans Affairs (VA) faces in trying to provide a safe health care environment for our Nation's veterans.

VA's first line of defense for criminal activity at VA medical centers (VAMCs) lies with the police officers employed by the VAMCs. They serve the role of the "cop walking the beat" and are authorized under Title 38 of the United States Code to enforce the law on VA property. VA police patrol VA facilities and are in the best position to intervene in any type of crime in progress. However, while VA police are authorized to investigate minor offenses, VA policy requires them to refer more serious crimes to other law enforcement agencies for investigation.

The VA police refer crimes against persons (such as assault) or theft of personal property to either the Federal Bureau of Investigation (FBI) or the local police, depending upon the jurisdiction at the individual VAMC. Suspected fraud against the Government, to include theft of Government property (such as the diversion of VA procured pharmaceuticals), and criminal activity that poses a danger to the public health or safety are referred to the Office of Inspector General (OIG). One of the oversight responsibilities of the VA Office of Security and Law Enforcement is to ensure that proper referrals are made expeditiously to the appropriate authority in accordance with current VA rules and regulations.

The OIG has responsibility for conducting and supervising investigations to prevent and detect fraud and dangers to the public health and safety in all VA programs and operations. To accomplish this mission, I have an investigative staff of 82, which includes 72 professional law enforcement officers that are highly trained to conduct criminal investigations. The 72 special agents are dispersed among 15 field locations throughout the country.

In 1991, and again in 1992, I testified before the Subcommittee on Oversight and Investigations regarding the OIG's involvement in drug control and accountability issues within VA. At that time, I expressed concern about the potential problem of theft and diversion of drugs within VA. I emphasize the word "potential" because we did not know the extent to which we had a

problem. What we did know was that there was an opportunity for VA to achieve stronger safeguards to protect its drug inventories. I am pleased to report that VA has made significant progress in this area. Unfortunately, criminals will always find a way to beat the system. As a result, I continue to place a major emphasis on investigations involving diversion of VA procured drugs. As a result of this emphasis, my office has initiated over 90 investigations during the past 2 years into drug related issues on VA property. While we still do not know the full extent of drug diversion in VA, these cases do indicate that a problem remains.

Drug related crimes are common in today's society. The problem is not unique to VA. I would like to echo the director of the Brooklyn VAMC by saying that, "any institution is a microcosm of the community it serves, with similar problems and complexities." By 1993, it was clearly recognized that there was a need for a more comprehensive approach to address drug related offenses in addition to other criminal activity reported at VAMCs in the Northeast. The OIG's assistance was sought because outside law enforcement agencies did not get involved in VA cases. Federal agencies such as the Drug Enforcement Administration (DEA) and the FBI have workloads and priorities which often preclude them from addressing criminal activity at VAMCs, and local authorities are similarly unable to devote their limited resources to what they perceive as a Federal problem. As a result, discussions between my investigative staff and the directors of three VAMCs in New York led to a proposal for a joint initiative involving the OIG and the Veterans Health Administration.

The initiative, known as the Specialized Investigations Regional Task Force (SIRTF), was designed to conduct undercover investigations at VAMCs in the New York City area. The VAMCs provided salaries for the five special agents we had to hire, and funds to support the operation. In the spring of 1994, SIRTF became operational.

SIRTF Results

SIRTF began to produce immediate results. Within its first year of operation, SIRTF thoroughly investigated allegations of drug diversion, sales of controlled substances, sales and possession of firearms, and other criminal violations at VAMCs in the New York metropolitan area. To date, SIRTF has initiated 24 separate investigations which have resulted in 37 arrests. Twelve of these arrests have led to convictions and the others are pending criminal prosecution. Examples of early SIRTF actions are:

* In December 1994, the SIRTF concluded an undercover operation located at a VA facility in Manhattan. This operation netted the arrest of 11 individuals who were dealing drugs just outside the front door of the VA facility. I would like to note that, after this operation was concluded, members of my staff were

thanked by employees and veterans who frequented the building for taking care of a long standing problem.

* In January 1995, SIRTF concluded an undercover operation at the VA Medical Center in Montrose, New York, with the arrest of a VA nursing assistant working in the hospital's detoxification unit after allegations were received that the nurse was selling illegal drugs to veterans in the unit who were being treated for drug dependencies.

As you are aware, most recently the unit was able to infiltrate a group of drug dealers and loan sharks operating at the Brooklyn VAMC. This operation identified 30 individuals who were involved in criminal activities at the medical center. Undercover agents assigned to SIRTF purchased over 180 doses of methadone, 350 bags of heroin, and a wide assortment of other drugs. SIRTF activities uncovered an illegal loan sharking operation (which was charging employees and veterans 25% interest, compounded weekly), and resulted in the arrest of a VA police sergeant for accepting bribes to turn the other way during drug transactions. So far, 24 individuals have been arrested.

I would like to point out that it is only because of the bold initiative and cooperation between the OIG investigative staff and the medical center directors in New York that we can point to the substantial success achieved at those VA facilities. I would also like to extend my personal thanks to Secretary Brown for his support and endorsement of this operation. In addition, special recognition should go to Mr. James Farsetta for his unprecedented support and cooperation.

Methadone Treatment Units

Methadone treatment centers have an inherent risk of attracting individuals who are involved in drug related offenses. Currently, there are 29 methadone maintenance centers in VA. These centers operate under regulations promulgated by the Food and Drug Administration and the DEA. The actual custody of methadone is within the purview of VA's Pharmacy Service until the time it is delivered to the methadone program for dispensing to the patient. At the time of dispensing, methadone is in the custody of specified program personnel who have responsibility for accuracy of dosing. There is a reconciliation of the amount of methadone dispensed with the amount allocated by the pharmacy.

VA is currently developing functional specifications to update the existing ADP system which provides support for methadone maintenance programs. Design efforts are focusing on security issues as well as enhancing program operating efficiencies. To assist VA in its efforts, my office provided VA management with a Management Implications Report after we conducted our operation at the Manhattan facility in order to familiarize them with the problems we identified so they could change procedures to

preclude similar problems in the future. While changes in systems and procedures may help, we must realize that they will never eliminate all the drug related problems that can materialize around methadone treatment facilities. Some of the more significant problems can be addressed by effective law enforcement activities and a better understanding of how to avoid some of these problems in the first place. My office is reviewing the specifics concerning the SIRTF operation in Brooklyn, and I will be providing the Under Secretary for Health with a lessons learned report.

Expanding the Concept

The SIRTF project was conceived and implemented to respond to a need identified by VAMC directors in the New York area. The obvious question is whether similar units would be beneficial at VAMCs outside New York. I believe that additional SIRTF operations can be successful wherever there is significant criminal activity. However, VAMC directors must be willing to collaborate and support a SIRTF unit.

Due to declining resources in today's tight budget environment, I have to operate under the assumption that additional funds and FTEE may not become available for the OIG to initiate such units unilaterally. This fiscal reality, combined with the fact that I already have all my other resources spread too thin on other priorities and congressionally mandated work, leaves as my only alternative collaborative efforts with other VAMC directors. To a limited extent, I have already begun doing this. Thus far, the responses have been mixed. Some directors expressed no interest and others opted to attempt to deal with suspected criminal activity with their own VA Police. While our contacts have resulted in the initiation of some ad-hoc projects at four medical centers, no new SIRTF units have been created. I feel that a real potential solution to making VA hospitals a safer place is the creation of SIRTF units nationwide with special emphasis on those metropolitan areas where drug problems are most prevalent. But, once again, a SIRTF unit will only work where a VAMC director has identified a problem and is willing to join a collaborative effort involving the sharing of resources needed to address adequately any problems identified.

Conclusion

I realize that law enforcement actions alone will not preclude criminal activities from occurring. Law enforcement response should be active, visible, and adequate to address the problems. But there is no substitute for VA managers keeping their eyes and ears open to what is occurring at their facilities and calling in the appropriate law enforcement authority to investigate suspected illegal activity. That is what happened in Brooklyn. That is why SIRTF succeeded.

Petty offenses or low levels of criminal activity are well within the competence of the VA police at each VAMC. However, when criminal activity takes root and becomes more organized, sophisticated, and dangerous, experienced professional criminal investigators are needed to pursue undercover investigations. One possible option would be to create more SIRTF units to "target" VA facilities where there are allegations or information of criminal activities. The SIRTF unit in New York is a pilot project that has succeeded. The OIG stands ready to establish and run other SIRTF units in those VA facilities that can provide the cooperation and assistance needed for this important job.

This concludes my statement. Thank you for your attention and the opportunity to appear here today. I would be happy to answer any questions you may have.